

Assembly Joint Resolution

No. 21

Introduced by Assembly Member Olsen
(Coauthors: Assembly Members Achadjian, Bigelow, Dahle,
Eggman, Gray, Jones, Patterson, Perea, and Salas)

May 20, 2013

Assembly Joint Resolution No. 21—Relative to the federal Renewable Fuel Standard program.

LEGISLATIVE COUNSEL'S DIGEST

AJR 21, as introduced, Olsen. Renewable Fuel Standard program: reform.

This measure would urge Congress to swiftly enact House Resolution 1462, the RFS Reform Act of 2013, to revise the requirements of the Renewable Fuel Standard program.

Fiscal committee: no.

1 WHEREAS, The Renewable Fuel Standard program was created
2 under the Energy Policy Act of 2005, and established the first
3 renewable fuel volume mandate in the United States; and
4 WHEREAS, The Energy Policy Act of 2005 required 7.5 billion
5 gallons of renewable fuel to be blended into gasoline by 2012 and,
6 under the Energy Independence and Security Act of 2007, the
7 Renewable Fuel Standard program was expanded to include diesel,
8 in addition to gasoline; and
9 WHEREAS, The Energy Independence and Security Act of
10 2007 increased the volume of renewable fuel required to be blended
11 into transportation fuel from 9 billion gallons in 2008 to 36 billion
12 gallons by 2022; and

1 WHEREAS, The 2013 requirement of corn-starch-derived
2 ethanol of 13.8 billion gallons represents approximately 84 percent
3 of the total renewable fuel mandated in the Energy Independence
4 and Security Act of 2007; and

5 WHEREAS, At the time that the Renewable Fuel Standard
6 program became law, the daily price of a metric ton of corn used
7 in biofuel ethanol production was \$99, and at the time the Energy
8 Independence and Security Act of 2007 became law, the daily
9 price of a metric ton of corn used in biofuel ethanol production
10 had risen to nearly \$180, with the latest price of a metric ton of
11 corn currently reported by the United States Department of
12 Agriculture as approximately \$310, representing an increase of
13 over 300 percent since the inception of the Renewable Fuel
14 Standard program; and

15 WHEREAS, The Environmental Protection Agency has
16 determined that as a result of the Renewable Fuel Standard
17 program, the increase in overall commodity prices expected as a
18 result of the demand for agricultural products used in biofuel
19 production will result in an annual increase of food costs to
20 consumers of over \$3 billion by 2022; and

21 WHEREAS, The loss of alternative feedstock acreage to biofuel
22 crop production combined with the unprecedented rise in corn
23 prices due to the requirements of the Renewable Fuel Standard
24 program have significantly contributed to the loss of dairy
25 production capacity in California, as represented by the 387
26 California dairies that have gone out of business since 2007, with
27 over 100 dairy farms lost in 2012 alone; and

28 WHEREAS, A bipartisan group of Members of Congress have
29 authored the RFS Reform Act of 2013 in the form of House
30 Resolution 1462, which will eliminate corn-based ethanol
31 requirements, limit the amount of ethanol that can be blended into
32 conventional gasoline to 10 percent, and require the United States
33 Environmental Protection Agency to set cellulosic biofuels levels
34 at production levels, bringing fundamental and urgently needed
35 reform to this costly and unworkable federal policy; now, therefore,
36 be it

37 *Resolved by the Assembly and the Senate of the State of*
38 *California, jointly,* That the Legislature join a diverse group of
39 businesses, industry representatives, and dairymen across California
40 in urging Congress to swiftly enact House Resolution 1462, the

1 RFS Reform Act of 2013, and bring immediately necessary relief
2 to consumers and agricultural families of California; and be it
3 further

4 *Resolved*, That the Chief Clerk of the Assembly transmit copies
5 of this resolution to the President and Vice President of the United
6 States, to the Speaker of the House of Representatives, to the
7 Minority Leader of the House of Representatives, to the Majority
8 Leader of the Senate, to the Minority Leader of the Senate, and to
9 each Senator and Representative from California in the Congress
10 of the United States.

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